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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

18 December 1980

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH : Deputy Director for National Foreign Assessment
National Intelligence Officer for Warning

FROM : John H. Holdridge
National Intelligence Officer for East Asia

SUBJECT : Warning Assessment: East Asia

The following items were discussed by the Community Representatives at the 16 December Warning Meeting. (U)

China

1. Discussion centered on current domestic events in China, with particular reference to the moves to dispose Hua Guofeng. The issue is whether or not the effort to topple him was slated to come at this time, and if not, whether it was precipitated by events not fully expected by Deng Xiaoping and company. The hypothetical case that such events (disputes arising out of the trial or the new assessment of Mao, growing economic problems, pressures from the military establishment, Deng's various vulnerabilities on specific issues) in fact threw the timetable out the window was examined in considerable detail, since the question of instability in China bears directly on durability and fabric of Sino-US relations. (C)

2. Most analysts participating in this discussion felt that the well-established trends and balances of Chinese politics had not changed markedly in the last few weeks. Most also believed that it was too early to judge that recent economic troubles had forced the leadership to abandon major portions of their Four Modernizations programs. All agreed, however, that if certain recent reportings, which indicated an indefinite postponement of the 12th Party Congress, a high level of

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political apprehension in Beijing, and rumors of sharp political infighting, were confirmed, opinions on this subject would have to be reassessed. There was also agreement that if the current backing away from economic experimentation continued Deng's political position could be damaged. (C)

3. In the light of subsequent information indicating high-level meetings were underway in Beijing, an informal meeting of some NFAC analysts with officers from State Department's China desk further reviewed the issue the following day. The consensus of this meeting was that the campaign against Hua Guofeng had indeed speeded up, and that this change in tempo probably resulted from a confluence of factors not fully expected by Deng and his allies, and that Deng's vulnerabilities on a range of issues made it imperative for him to protect himself by moving decisively against a range of opponents. There was general agreement also that perhaps half the current Politburo was in hot political water and could be subject to purge. An event of this magnitude, of course, would give the impression that the Chinese political scene remained unstable; the international effect of this impression, particularly in Western Europe, Japan and the US, could not easily be calculated. (S)

Sino-Vietnamese Border

4. The situation along the Sino-Vietnamese border remains tense, with both sides conducting periodic, limited cross border operations. Vietnam has, possibly for the first time, conducted large scale scenario exercises in the area. This may be an indication of the increase of Soviet influence on Vietnamese training and tactics. reporting of some increased infiltration from China into Laos in recent weeks cannot be confirmed but may reflect the return of refugees trained by the PRC over the past several months. (S)

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Indochina

5. There has been a slight augmentation of Vietnamese forces in the Thai/Kampuchean border area in the past month but most movement of troops can be associated with rotation of personnel. The Vietnamese military posture in the border areas remains essentially defensive despite the advent of the dry season which offers Hanoi's troops greater flexibility for larger scale operations. In contrast, DK forces have been surprisingly active and have been reported operating consistently in larger units -- up to 200 personnel. Some DK units are now reported armed with 107 and 82 mm mortars and possibly even heavier weapons. Reports of DK activity in central Kampuchea have increased in

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the past month suggesting some expansion in DK operation. More aggressive behavior by the DK may in part reflect prodding from the Chinese to adopt a higher profile. Nonetheless, with expanded operations, the DK also risks heavier casualties when the extent of its recruitment base remains limited. (S)

6. Vietnamese forces can easily adopt more aggressive tactics and the prospect of substantial raid into Thailand remains. The limited raids undertaken to date have, however, been in areas away from large refugee concentrations or only of particular sensitivity to the Thai. (S)

South Korea

7. [] there are now divergent views within the senior ROK military on how to handle the Kim Tae-chung issues. A few senior officers close to President Chun now apparently believe that it would be best if a way were found to deal with Kim, short of execution. Others in the military close to the President apparently continue to believe that the best course is to proceed quickly with the execution. There is little question that President Chun has had both views set before him but there is no evidence that he had made up his mind on how to resolve the issue. Nonetheless, pressure from the US and Japan to avoid execution is having some impact as Chun formulates his policy. Chun's sending of a close personal associate Lt/Gen Chong Ho-yong to the US this week reflected his determination to continue to gauge the US feeling on the Kim case. (S)

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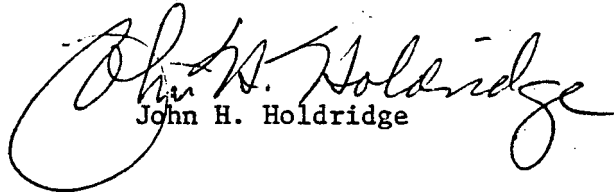
Indonesia

9. Recent anti-Chinese riots in a large number of cities and towns in central Java may have been sparked principally by a combination of persistent ethnic tension and youth unemployment. There is no evidence that the outbreak was politically motivated, was

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manipulated for political purposes or that the regime believes it reflected a serious threat to internal stability. While any unrest of this sort is of concern, there has been no attempt to assign blame or to seek a scapegoat -- factors that further suggest that the regime does not regard the outbreak as symptomatic of serious internal unrest. (C)



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